



Office of Health Plan Administration

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February 20, 2008

AGENDA ITEM 4d

TO: MEMBERS OF THE HEALTH BENEFITS COMMITTEE

- I. SUBJECT:** California Regional Health Information Organization Review
- II. PROGRAM:** Health Benefits
- III. RECOMMENDATION:** Information Only
- IV. ANALYSIS:**

At the November Health Benefits Committee meeting, representatives from California Regional Health Information Organization (CalRHIO) made a presentation on their organization and its plans. CalRHIO is a non-profit organization that is in the process of developing a statewide Health Information Exchange (HIE) system to facilitate the secure sharing of available patient clinical information across the California health care system. When completed, such a system could allow the real-time availability of patient clinical information across providers when and where patients access care, so that clinical errors and/or redundant testing, often caused by a lack of information, can be avoided. CalRHIO would like CalPERS support for its system to encourage health plan and provider participation, in order to speed its development efforts.

The Committee expressed interest in the CalRHIO concept and its potential to improve outcomes in the health care system and asked staff to conduct further research and analysis on CalRHIO and report its findings at the February HBC meeting.

Staff engaged Mercer to assist in conducting the study of CalRHIO. Over the course of January, Mercer has conducted analysis focused on answering three key questions:

- Do the business model and financing plan appear to position CalRHIO for a reasonable probability of success in its development plans?

- Is the proposed CalRHIO technology platform likely to function effectively and securely, serve its intended clinical audience appropriately, and scale successfully as it expands its reach across the entire health care system in the state?
- What kind of fixed costs is CalPERS likely to incur over time from the user fees that CalRHIO is proposing, and what type of return should reasonably be expected from reduced claims expenses related to fewer clinical errors and avoidance of redundant or unnecessary testing?

Mr. Chuck Hartwig from Mercer will make a presentation at the February meeting on the key findings of their research and analysis.

V. STRATEGIC PLAN:

This item supports Goal XII: "Engage and influence the health care marketplace to provide medical care that optimizes quality, access and cost."

VI. RESULTS/COSTS:

This is an information item only.

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